

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:

ARTHUR MACHINERY, INC.

Debtor.

Chapter 11

Case No. 09-11787

Hon. Carol A. Doyle

Hearing Date: May 14, 2009

Hearing Time: 10:30 a.m.

NOTICE OF MOTION

TO: See Attached Service List

PLEASE TAKE NOTICE that on **May 14, 2009 at 10:30 a.m.** or as soon thereafter as counsel may be heard, I shall appear before the **Honorable Carol A. Doyle**, Bankruptcy Judge, in the room usually occupied by her as a Courtroom in the U.S. Courthouse, 219 South Dearborn Street, Chicago, Illinois, Room 742, or in her absence, before such other Judge who may be sitting in her place and stead and hearing bankruptcy motions, and shall then and there present the **Debtor's Motion For Entry Of A Final Financing Order And For Related Relief**, a copy of which is attached and herewith served upon you, and shall pray for the entry of an order in conformity with the prayer of said pleading.

AT WHICH TIME AND PLACE you may appear if you so see fit.

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Patrick A. Clisham (#6277264)
Shaw Gussis Fishman Glantz
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CERTIFICATE OF SERVICE

Patrick A. Clisham certifies that he caused to be served a true copy of the above and foregoing notice and attached pleadings upon the attached Service list in the manner so indicated on this 8th day of May, 2009.

/s/ Patrick A. Clisham

SERVICE LIST

VIA OVERNIGHT DELIVERY

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c/o Valerie Freireich
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Case No. 09-11787

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Hearing Date: May 14, 2009

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**DEBTOR'S MOTION FOR ENTRY OF A FINAL FINANCING
ORDER AND FOR RELATED RELIEF**

Pursuant to 11 U.S.C. §§ 364(c) and 364(d), Fed. R. Bankr. P. 4001(c), and Local Rule 4001-2, Arthur Machinery, Inc. (the "Debtor") hereby requests that this Court enter an order substantially in the form attached hereto as Exhibit 1 ("Final Financing Order") authorizing the Debtor to (i) borrow funds from American Chartered Bank ("ACB") on a final basis under the proposed debtor in possession financing facility described herein, and (ii) provide related relief in accordance with the Final Financing Order and the Budget attached to the Final Financing Order as Exhibit A. In support of this motion, the Debtor states as follows:

I. INTRODUCTION

A. The Debtor's Chapter 11 Case

1. On April 2, 2009 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Since then, the Debtor has remained in possession of its assets and has continued to operate its business as a debtor in possession in accordance with 11 U.S.C. §§ 1107 and 1108. The Debtor has all of the rights and powers of a trustee in bankruptcy pursuant to 11 U.S.C. § 1107(a).

2. On April 15, 2009, the United States Trustee appointed an Official Committee of Unsecured Creditors (the “Committee”) in this case.

3. This Court has jurisdiction to hear this matter and enter a final order granting the relief requested herein pursuant to 28 U.S.C. §§ 1334 and 157(b)(2) and Internal Operating Procedure 15(a) of the United States District Court for the Northern District of Illinois.

B. The Debtor’s Postpetition Financing

4. As reflected in the Stipulation and Interim Order (i) Authorizing Secured Post Petition Financing on a Superpriority Basis pursuant to 11 U.S.C. § 364 and (ii) scheduling a Final Hearing pursuant to Bankruptcy Rule 4001(c) entered by the Court on April 27, 2009 [Docket No. 44] (the “Interim Financing Order”), ACB has agreed to provide a postpetition credit facility (the “DIP Facility”) to be used by the Debtor to operate its business in the ordinary course and to facilitate the sale of its assets on a going-concern basis.

5. Pursuant to section 6 of the Interim Financing Order, the Debtor’s ability to borrow under the DIP Facility terminates on the earlier of, among other events: (a) May 14, 2009; (b) the effective date of any plan of reorganization; (c) the sale of substantially all the Debtor’s assets; (d) conversion of the Debtor’s case to one under chapter 7; (e) appointment of a trustee or examiner; or (f) dismissal of the Debtor’s Case. Additionally, under the Interim Financing Order, the maximum amount of approved borrowing was \$338,500.

C. Relief Requested

6. The Debtor has received an offer to purchase substantially all of the assets of its Florida operation and is in the process of negotiating the terms of an Asset Purchase Agreement. The Debtor anticipates filing a motion to sell the assets under 11 U.S.C. § 363 in the near future. Additionally, the Debtor continues to liquidate its Illinois assets in the normal course of business.

7. The Illinois assets consists of new and used machinery and a large parts inventory including in excess of \$1 million of parts delivered by Haas Automation, Inc. While the Debtor continues to liquidate the Illinois assets and until such time as the court approves the proposed sale of the Florida assets, the Debtor requires continued access to the DIP Facility. ACB has agreed to extend the Debtor's ability to borrow under the DIP Facility to and through June 26, 2009, and to lend the Debtor an additional amount not to exceed \$409,050 on the same terms and conditions as those contained in the Interim Financing Order.

D. Basis for Relief

8. The Debtor incorporates by reference, as if fully stated herein, the legal authority set forth in the Debtor's Motion for Authority to Borrow Funds and Request for Related Relief (the "Financing Motion") filed with the Court on April 20, 2009 [Docket No. 24]. In addition, the Debtor incorporates the disclosures required by Local Bankruptcy Rule 4001-2(A)(2) made in the Financing Motion. With respect to the disclosures required by Local Rule 4001-2(A)(3), to the extent the terms of the proposed Final Financing Order deviate from the terms of the Interim Financing Order previously entered by the Court, the following is a summary of the provisions the Debtor anticipates being modified by the Final Financing Order: ACB has agreed to lend the Debtor a total of \$747,550; and the May 14, 2009 maturity date for the DIP Facility shall be extended to June 26, 2009. In addition, and as required to be disclosed by Local Rule 4001-2(A)(4), the Debtor will attach to its proposed Final Financing Order the Budget covering the time period during which the Debtor's financing shall remain in effect, in form attached to the proposed Final Financing Order as Exhibit A.

II. NOTICE

9. The Debtor has served this Motion and notice of the hearing hereon by overnight delivery on the Office of the United States Trustee, ACB, counsel to the Committee, the Debtor's twenty largest unsecured creditors, and all other parties having requested notice in the Debtor's Case. In addition, as required by the Preliminary Financing Order, the Debtor served notice of the Final Hearing on all such parties [Dkt. No. 45]. The Debtor believes that such notice is appropriate and requests that any further notice of this motion or and the Final Hearing be waived pursuant to Fed. R. Bankr. P. 2002(a)(3), 2002(i), and 9006(c).

III. CONCLUSION

WHEREFORE, the Debtor requests the entry of a final order approving this Motion, the Financing Motion, and specifically: (i) authorizing the Debtor to borrow funds on a final basis on substantially the same terms as the draft Final Financing Order attached hereto; and (ii) granting such other and further relief as is just and to which the Debtor may be entitled under the circumstances.

Respectfully submitted,

ARTHUR MACHINERY, INC.

Dated: May 8, 2009

By: /s/ Patrick A. Clisham
One of its attorneys

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